

# HOUSE BILL REPORT

## EHB 2267

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### As Passed Legislature

**Title:** An act relating to temporarily suspending the state expenditure limit in order to implement the state's Article IX obligation to amply fund basic education.

**Brief Description:** Suspending the state expenditure limit in order to implement the state's Article IX obligation to amply fund basic education.

**Sponsors:** Representative Hunter.

#### **Brief History:**

##### **Committee Activity:**

Appropriations: 6/22/15, 6/23/15 [DP].

##### **Floor Activity:**

Passed House: 6/28/15, 64-33.

Passed Senate: 6/30/15, 33-11.

Passed Legislature.

#### **Brief Summary of Engrossed Bill**

- Suspends the state expenditure limit until the 2021-23 fiscal biennium.
- Directs the Economic and Revenue Forecast Council, with the Expenditure Limit Committee, to prepare draft legislation to synchronize the expenditure limit and the state four-year balanced budget and budget Outlook requirements.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 22 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Carlyle, Cody, Dunshee, Hansen, Harris, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, Magendanz, Pettigrew, Sawyer, Senn, Springer, Sullivan, Tharinger and Walkinshaw.

**Minority Report:** Do not pass. Signed by 9 members: Representatives Condotta, Dent, Haler, G. Hunt, MacEwen, Schmick, Stokesbary, Taylor and Van Werven.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Parker, Assistant Ranking Minority Member; Buys.

**Staff:** Kristen Fraser (786-7148).

**Background:**

In 1993 voters adopted Initiative 601, which established the state expenditure limit. The expenditure limit law restricts the amount that the state may spend from the State General Fund (GFS) each fiscal year. The expenditure limit for each year is the prior year's actual GFS expenditures, adjusted for inflation as measured by a 10-year rolling average of personal income growth, and further adjusted for revenue and program transfers into and out of the GFS.

The state Expenditure Limit Committee establishes, adjusts, and projects the expenditure limit. The State Treasurer is prohibited from making payments from the GFS that exceed the limit.

Legislation enacted in 2012 established requirements for a four-year balanced budget and a budget Outlook process. The Economic and Revenue Forecast Council adopts the Outlook, which is a four-year projection of state general fund and related fund revenues and expenditures.

**Summary of Engrossed Bill:**

The Legislature declares its intent to temporarily suspend the state expenditure limit during the biennia in which the state is phasing in funding of its Article IX obligations pursuant to Chapter 584, Laws of 2009 (ESHB 2261), Chapter 236, Laws of 2010 (SHB 2776) and *McCleary* court case, and in the ensuing biennium.

The state expenditure limit is suspended until the 2021-23 fiscal biennium. The expenditure limit for fiscal year 2022 equals the state's actual GFS expenditures for fiscal year 2021, adjusted by the fiscal growth factor.

The Economic and Revenue Forecast Council, in consultation with the Expenditure Limit Committee, must prepare draft legislation for introduction in the 2016 legislative session that synchronizes the requirements of the expenditure limit, the four-year balanced budget requirement, and the budget Outlook process.

Obsolete references to repealed funds are removed.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:**

(In support) This bill gives the flexibility to focus on implementation of the Article IX funding obligation. If you are suspending the expenditure limit to implement ESHB 2261 (2009) and SHB 2776 (2010), you should consider adding implementation of Initiative 1351 as an additional basis for the expenditure limit suspension.

(Opposed) None.

**Persons Testifying:** Mitch Denning, Alliance of Educational Associations; and Doug Nelson, Public School Employees Service Employees International Union Local 1948.

**Persons Signed In To Testify But Not Testifying:** None.